

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 6085**

**BILL NUMBER:** SB 460

**NOTE PREPARED:** Jan 26, 2003

**BILL AMENDED:**

**SUBJECT:** Eligibility of SSI Recipient for Medicaid.

**FIRST AUTHOR:** Sen. Simpson

**BILL STATUS:** As Introduced

**FIRST SPONSOR:**

**FUNDS AFFECTED:** X

**GENERAL  
DEDICATED  
FEDERAL**

**IMPACT:** State

X

**Summary of Legislation:** This bill provides that an individual who is receiving monthly assistance payments for the aged, blind, or disabled under the federal Supplemental Security Income (SSI) program is eligible for Medicaid. (Under current law, an individual receiving SSI disability payments must also meet the state's: (1) definition of disability; and (2) financial criteria to be eligible for Medicaid.)

**Effective Date:** July 1, 2003.

**Explanation of State Expenditures:** *Summary:* This bill makes individuals who are eligible for the federal Supplemental Security Income program eligible for Medicaid. Factoring in reduced administrative costs, the state share of additional Medicaid expenditures are estimated to be \$2.4 M in additional expenditures for FY 2004 and beyond.

*Background Information -*

*209(b) Status:* Indiana, as a 209(b) state under federal regulations, is one of at least two states in the nation that has a medical definition for disability, as well as financial criteria, that are more restrictive than SSI. In most other states, eligibility for SSI implies automatic eligibility for Medicaid. However, current Indiana statute provides that an SSI recipient, in order to be eligible for Medicaid services, must have a physical or mental impairment or disease that appears reasonably certain to continue for at least four years (SEA 79-2000, effective 1/1/2001). The SSI medical standard requires a 12-month durational period, rather than four years.

*Medicaid Criteria - Petricia Day Case:* On September 29, 2000, the Indiana Court of Appeals issued a ruling in *Humphreys v. Day* that held that an individual who suffers from a disabling condition that could be treated, but who does not receive the treatment because of an inability to pay for the treatment, is "disabled" for purposes of eligibility for Medicaid in Indiana. The Indiana Supreme Court declined to hear FSSA's

appeal of the Court of Appeals' decision. According to OMPP, this ruling prohibits the state from denying an applicant solely because the applicant had a disabling condition that might improve with treatment. Prior to this decision, OMPP evaluated the durational requirement taking into account whether medical intervention would ameliorate the condition such that it would not last four years. As a result of this decision, treatability is no longer taken into consideration and, for all practical purposes, OMPP is currently evaluating applicants based on the SSI medical standards.

*Financial Criteria:* However, in addition to making the medical criteria the same as SSI's, this bill also eliminates the more restrictive financial criteria that Indiana currently applies to its program. Although Indiana's income standard is the same as SSI (\$552/month for single; \$829/month for a couple), Indiana's resource standard is \$1,500 for a single person and \$2,250 for a couple. SSI's resource standard is \$2,000 for a single person and \$3,000 for a couple. Consequently, some additional individuals will qualify for Medicaid who were not eligible before the bill.

*Additional Medicaid Expenditures:* The SSI population in Indiana has been fairly stable in recent years, varying from 88,000 to 91,000 since 1995. Based on a six-year average, there are an estimated 89,150 individuals receiving SSI in Indiana. Comparing this to the current number of Medicaid recipients who are also on SSI results in an estimated 1,830 additional individuals made eligible for Medicaid by the bill. At an estimated average cost of \$4,926, the total estimated new costs, state and federal, are about \$9.0 M, or about \$3.4 M in state share.

*Administrative Savings:* There will also be some administrative savings associated with the eligibility determination process. According to OMPP, adopting SSI criteria would not completely eliminate the need for the Medicaid Medical Review Team as there would still be applicants who have not yet applied or received a determination of their SSI eligibility at the time of application for Medicaid. Due to federal requirements that all applications be acted upon within 90 days, the Medical Review Team would still be necessary. However, OMPP estimates reduced expenditures of about 53%, or about \$2.1 M annually. With the rate of federal financial participation for administrative expenses at 50%, the state share of the cost reduction would be about \$1.05 M.

*Net Additional Cost:* Factoring in reduced administrative costs, the state share of additional Medicaid expenditures are estimated to be \$2.4 M in additional expenditures for FY 2004 and beyond.

*Other Potential Cost Reductions:* Associated with the increased provision of health care services through the Medicaid program is some potential reduction in future expenditures by other payors such as hospital charity care, township Poor Relief, and potential cost-shifts from the private-pay market. However, the amount of expenditure reduction that would be attributable to the provisions in this bill is not known.

**Explanation of State Revenues:** See *Explanation of State Expenditures* regarding federal reimbursement in the Medicaid program.

**Explanation of Local Expenditures:** See *Explanation of State Expenditures* regarding potential cost shifting to the Medicaid program.

**Explanation of Local Revenues:**

**State Agencies Affected:** Office of Medicaid Policy and Planning.

**Local Agencies Affected:**

**Information Sources:**

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